



**NORTH ABINGTON**

**CO-OPERATIVE BANK**

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July 12, 2004

Ms. Jennifer Johnson, Secretary  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, N.W.  
Washington, DC 20551

**SUBJECT: Risk-Based Capital Standards: Trust Preferred Securities and the  
Definition of Capital, Docket No. R-1193**

Dear Ms. Johnson:

This letter is written to comment on the Board's proposal to allow the continued inclusion of outstanding and prospective issuances of trust preferred securities in Tier 1 capital for bank holding companies subject to new limitations.

Under the proposal, the Board would allow BHC's to continue applying existing rules which permit up to 25% of trust preferred securities and cumulative perpetual preferred stock in Tier 1 capital. After March 31, 2007, BHC's would have to deduct goodwill from their Tier 1 capital before calculating the 25% limit. The amount of trust preferred securities and certain other elements in excess of the limit could be included in Tier 2 capital, up to 50% of a banking organization's Tier 1 capital.

We appreciate the Board's efforts to strengthen the definition of regulatory capital for bank holding companies while acknowledging that trust preferred securities are an important instrument for financial institutions.

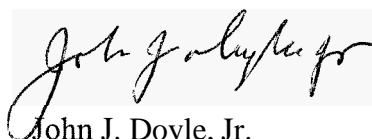
We believe that a five year transition would provide BHC's more time to accommodate longer-term binding contracts dating back to as early as 1996 when the Board initially permitted the use of trust preferred securities in Tier 1 capital.

This bank is a mutual bank without a bank holding company and has no current plans to raise regulatory capital. However, we would like the flexibility to raise additional capital in the future without undergoing a stock conversion.

We hope that the Board will encourage other banking regulators to continue including trust preferred securities as Tier 1 capital.

We appreciate the opportunity to submit comments on the proposal.

Very truly yours,

A handwritten signature in black ink, appearing to read "John J. Doyle, Jr.", is centered on a light gray rectangular background.

John J. Doyle, Jr.  
President & CEO